

REMARKS

§103 rejections

In the 3 January 2007 Office Action claims 43 – 49, 51, 53 – 62, 64 – 75 and 77 – 79 are rejected under §103 as being obvious in view of U.S. Patent 5,812,988 (hereinafter, Sandretto). The Assignee respectfully traverses the rejections for obviousness by noting that the 3 January 2007 Office Action has failed to establish a prima facie case of obviousness for the rejected claims. More specifically, the Office Action fails to establish a prima facie case of obviousness in as many as three separate ways for every rejected claim. The three ways Sandretto fails to establish a prima facie case of obviousness include:

1. teaching away from all claimed methods.
2. requiring a change in the principles governing the operation of the invention disclosed in Sandretto.
3. failing to identify any suggestion, teaching or motivation in the prior art to modify the teachings of Sandretto along the lines suggested in the 3 January 2007 Office Action, in fact, there is a clear motivation not to modify the teachings.

As noted previously, the first way that Sandretto fails to establish a prima facie case of obviousness for claims 43 – 46, 48 - 50, 52, 54 – 62, 64 - 75 and 77 – 79 is that Sandretto fails to make the inventions as a whole obvious by teaching away from all claimed methods. MPEP § 2141.02 states that: *“in determining the difference between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious but whether the claimed invention as a whole would have been obvious.”* Examples of Sandretto teaching away from the claimed methods include:

- Sandretto teaches and relies on the use of conventional forecasting methods (Sandretto C9, L60 – C10, L25) which take historical results and project them forward as required to develop a forecast of cash flow for a specified time period. In other words, Sandretto teaches that the future is going to be a continuation of the past. By way of contrast, the claimed invention teaches and relies on the use of a novel method that forecasts the value of each aspect of financial

performance as a function of the performance of a plurality of elements of value. In other words, the claimed invention teaches that the future is a function of the performance of a plurality of elements of value.

- Sandretto teaches and relies on the fact that the value of each asset is a function of the cash flow from an asset and the riskiness of that cash flow when compared to a market return (Sandretto C9 L60 – C10 L25). Put another way, Sandretto teaches that each asset is independent and that the value of each asset is determined by its performance and the correlation of its performance with a market index. In short, Sandretto teaches and relies on the efficient market hypothesis. By way of contrast, the claimed invention teaches and relies on a novel method that quantifies the impact of each element of value as a function of the contribution to an financial performance net of any impact on the other elements of value. In other words, the claimed invention teaches that elements of value may be inter-related and that the impact of each element of value is a function of its performance net of any impact of that performance on other elements of value.

The Assignee notes that there are still other ways in which Sandretto teaches away from the claimed methods.

The second way the 3 January 2007 Office Action fails to establish a *prima facie* case of obviousness for claims 43 – 46, 48 - 50, 52, 54 – 62, 64 - 75 and 77 – 79 is that the proposed modification would change the principle of operation of the invention disclosed in Sandretto. MPEP 2143.01 provides that when “*the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. In re Ratti, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)*”.

Some of the changes in operating principle required to make Sandretto function are discussed below.

- Sandretto teaches and relies on the fact that the value contribution of each asset in a portfolio is determined by its direct contribution and its performance vis a vis a market index. The Examiner has proposed modifying Sandretto to render obvious an invention that teaches and relies on the fact that the impact of each element of value is defined by its direct contribution to financial performance and

its impact on an inter-connected network of other elements of value. The Assignee respectfully submits that this modification would only be possible if the principle of operation of the Sandretto invention were changed to recognize that assets are not independent and that value is a function of how an asset affects other interconnected assets in a portfolio as well as its performance vis a vis a market index. Making this change would require the abandonment of the efficient market principle upon which the Sandretto invention is based. Because a change in the principle of the operation of Sandretto is required to enable the cited modification to replicate the functionality of the claimed invention, the teachings of the document are not sufficient to render the claims *prima facie* obvious.

The Assignee notes that there are still other changes in the principle of operation of the inventions described by the cited document that would be required to replicate the claimed invention.

The third way that the cited document fails to establish a *prima facie* case of obviousness for claims 43 – 46, 48 - 50, 52, 54 – 62, 64 - 75 and 77 – 79 is that there is no evidence of a suggestion, teaching or motivation to modify the teachings of Sandretto along the lines suggested by the Examiner – in fact there is a clear motivation not to make any of the proposed modifications. MPEP 2142 provides that: *"in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or to combine reference teachings.*

1. The claimed invention teaches a reliance on data aggregated from the systems used to manage company operations. Sandretto teaches that the data estimates required for operation of its method are input directly in to the system and that as few as three inputs per asset are required for system operation (Sandretto, C9 L45 – L55). Because the data input to the Sandretto system are estimates that may be developed by the system operator or obtained from a wide variety of forecasting systems, there is no motivation to modify Sandretto to obtain data from any of the systems used to manage firm operations. In fact, there is a clear motivation not to modify Sandretto to rely on data obtained from these systems as they would not be expected to have any information required for completion of the Sandretto method.

2. The claimed invention teaches the development of a network model for connecting elements of value for a firm to aspects of financial performance of the same firm. Sandretto teaches the use of two iterative loops for estimating the value of assets in a portfolio (Sandretto, C8, L60 – C9, L24). The first iterative loop uses a variety of estimates from the user or forecasts developed using conventional methods to generate asset value estimates that are internally consistent. The second loop reconciles these internally consistent estimates with known asset values by modifying the prior calculations. The Examiner has been unable to explain how to modify the two iterative loops taught by Sandretto to render obvious network models of aspects of financial performance so it is not clear that the proposed modification is feasible. It is also not clear what motivation there would be to take two iterative loops and transform them into network models. The iterative loops taught by Sandretto apparently produce internally consistent numbers and the Examiner has not identified any reason for modifying them into network models. This is particularly true since any modification along the lines suggested but not described in the 3 January 2007 Office Action would in all likelihood destroy the ability of the Sandretto invention to function.

As discussed in the prior section, replacing the iterative loops with network models would also require a change the principle of operation of the Sandretto invention – a clear motivation not to make the modification. The Assignee notes that there are other ways in which the cited combination fails to produce a *prima facie* case of obviousness.

Far from establishing a *prima facie* case of obviousness for claims 43 – 49, 51, 53 – 62, 64 – 75 and 77 - 79, the 3 January 2007 Office Action provides additional evidence that the claimed invention for producing concrete, tangible and useful results is new, novel and non-obvious. It does this by citing a document that teaches away from the proposed modification, by citing a document that requires a change in operating principle to replicate the claimed functionality and by citing a document that teaches a method that there is a substantial motivation not to modify or alter as suggested by the Examiner.

Claims 63 and 76

In the 3 January 2007 Office Action, claims 63 and 76 are rejected under §103 as being unpatentable over Sandretto in view of U.S. Patent 5,361,201 (hereinafter Jost). The Assignee respectfully traverses the §103 rejections of claims 51, 63 and 76 by noting that the cited combination of documents fails to establish a *prima facie* case of obviousness in a number of ways, including:

1. teaching away from the theoretical combination proposed by the Examiner,
2. requiring a change in the principle of operation of each cited invention in order to enable replication of claimed functions, and
3. failing to meet any of the criteria for establishing a *prima facie* case of obviousness.

The Assignee also notes that there are still other ways in which all §103 obviousness rejections in the 3 January 2007 Office Action for claims 63 and 76 can be traversed. For example, all the cited documents are from fields that are non analogous to the field of the invention detailed in the above referenced application.

The first way the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 63 and 76 is by citing a combination of documents that teaches away from the proposed combination. MPEP § 2145 X.D.2 provides that: "it is improper to combine references where the references teach away from their combination." The cited combination of documents teaches away from the proposed combination in at a number of ways, including:

1. Incompatible valuation methodologies. Sandretto teaches that asset values in an efficient market are a function of several things including: cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). On the other hand, Jost teaches that asset value is a function of the physical characteristics of an asset and its immediate neighborhood (Jost, C2 L 30 - 51). It clearly would be improper to

combine the teachings of two documents with radically different methods for asset valuation; and

2. Incompatible methods for analyzing data. Sandretto teaches the use of inputs from external sources and assumptions to generate estimates for a number of required variables. The remaining variable is estimated by iterating its value as required to match a known value (Sandretto, abstract, C8, L60 – C9, L24). Jost teaches learning relationships from the data and using the learned relationships to estimate value (Jost, C2 L 30 - 51). It clearly would be improper to combine the cited documents as they teach and rely on fundamentally different approaches to analyzing the same data.

The Assignee notes that are still other ways in which the two documents teach away from the proposed theoretical combination.

The second way that the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 63 and 76 is that the proposed combination of documents would change the principle of operation of the Sandretto and Jost methods. MPEP 2143.01 provides that when “the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)”. Changes in operating principles required by the cited combination include:

1. Change in the “efficient market” principle explicitly required by Sandretto. As noted previously, Sandretto teaches that value in an efficient market is a function of several things including: asset cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). In the 3 January 2007 Office Action the Examiner is attempting to modify the teachings of the Sandretto method for use in valuing elements of value that have no known market (efficient or otherwise). As such, the proposed modification would destroy one of the operating principles of the Sandretto invention - reliance on an efficient market. As a result, the

teachings of the documents are not sufficient to render the claims *prima facie* obvious.

2. Change in the reliance on physical characteristics of Jost. As noted previously, Jost teaches that real estate values are a function of the physical characteristics of the real estate and its immediate neighborhood (Jost, C2 L 30 - 51). In the 3 January 2007 Office Action the Examiner is attempting to modify the teachings of the Jost method for use in valuing elements of value that are notable for their lack of physical characteristics.

The Assignee notes that there are still other operating principles which need to be changed to support the cited combination.

The third way the cited combination of documents fails to establish a *prima facie* case of obviousness required to sustain the rejections of claim 63 and 76 is that it fails to meet any of the criteria for establishing a *prima facie* case of obviousness. MPEP 2142 provides that in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or combine the reference teachings. Second, there must be a reasonable expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. As detailed below, the 3 January 2007 Office Action fails to meet all three of the criteria for establishing a *prima facie* case of obviousness for claims 63 and 76.

1. The 3 January 2007 Office Action fails to meet the first criteria for establishing a *prima facie* cause of obviousness for claims 63 and 76 because the Office Action does not identify any motivation for making the theoretical combination contained in the Office Action. It is well established that "teachings of references can be combined only if there is some suggestion or incentive to do so" quoting ACS Hosp. Sys., Inc. v Montefiore Hosp., 732 F.2d 1572, 1577 221 U.S.PQ 929,933 (Fed. Cir. 1984). This need is particularly acute in cases such as this where the claimed invention is not directly related to the primary field of either document. In the 3 January 2007 Office Action the Examiner states correctly that the nature of the problem can lead an Examiner to propose a combination. However, the Examiner has so far been unable to explain what it was about this problem that led him to propose the unworkable theoretical combination contained in the Office Action. The Assignee is particularly interested in learning what it was

about modeling and valuing elements of value that have no known market and a notable lack of physical characteristics that led the Examiner to propose the combination of a document that teaches a method for valuation based on an efficient market with a method that depends on physical characteristics.

2. The 3 January 2007 Office Action fails to meet the second criteria for establishing a *prima facie* case of obviousness for claims 63 and 76 because it does not cite a combination of teachings that has a reasonable expectation of success. As noted previously, the two documents teach fundamentally different approaches to value and data analysis and the Examiner has refused to respond to a reasonable request to identify a mechanism for reconciling these incompatible approaches to completing the same task.
3. The 3 January 2007 Office Action fails to meet the third criteria for establishing a *prima facie* case of obviousness because it does not teach or suggest one or more of the limitations for every independent claim. Missing limitations include: elements of value and components of value.

Far from establishing a *prima facie* case of obviousness for claims 63 and 76, the cited combination of references in the 3 January 2007 Office Action provides additional evidence that the claimed invention for producing concrete, tangible and useful results is new, novel and non-obvious. It does this by calling for a combination of references when there is a motivation not to combine them, by citing a combination of references that does not appear to have a reasonable chance for success and by relying on a combination of references that fails to teach or suggest almost all of the claim limitations.

Claims 51 and 86

In the 3 January 2007 Office Action, claims 51 and 86 are rejected under §103 as being unpatentable over Sandretto in view of U.S. Patent 5,761.442 (hereinafter Barr). The Assignee respectfully traverses the §103 rejections of claims 51 and 86 by noting that the cited combination of documents fails to establish a *prima facie* case of obviousness in a number of ways, including:

1. teaching away from the theoretical combination proposed by the Examiner,
2. requiring a change in the principle of operation of each cited invention in order to enable replication of claimed functions, and

3. failing to meet any of the criteria for establishing a *prima facie* case of obviousness.

The Assignee also notes that there are still other ways in which all §103 obviousness rejections in the 3 January 2007 Office Action for claims 51 and 86 can be traversed. For example, all the cited documents are from fields that are non analogous to the field of the invention detailed in the above referenced application.

The first way the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 51 and 86 is by citing a combination of documents that teaches away from the proposed combination. MPEP § 2145 X.D.2 provides that: “it is improper to combine references where the references teach away from their combination.” The cited combination of documents teaches away from the proposed combination in at a number of ways, including:

1. Incompatible methods for analyzing data. Sandretto teaches the use of inputs from external sources and assumptions to generate estimates for a number of required variables. The remaining variable is estimated by iterating its value as required to eliminate the need for change (Sandretto, abstract, C8, L60 – C9, L24). Barr teaches learning relationships from the data and using the learned relationships to estimate value (Barr, C2 L 30 - 51). It clearly would be improper to combine the cited documents as they teach and rely on fundamentally different approaches to analyzing data.
2. Incompatible market efficiency and value assumptions. Sandretto teaches that asset values in an efficient market are a function of three things: cash flow, expected terminal value and the correlation of asset cash flows with a market index (Sandretto, C3 L21 - 37). Barr teaches that the market is inefficient and that market values are a function of several factors which can be identified with a neural network (Barr, C3 L21 - 37). It clearly would be improper to combine the cited documents as they teach and rely on fundamentally different assumptions about market efficiency and fundamentally different approaches to determining value.

The Assignee notes that are still other ways in which the two references teach away from the proposed theoretical combination.

The second way that the cited combination of documents fails to establish a *prima facie* case of obviousness for claims 51 and 86 is that the proposed combination of documents would change the principle of operation of the Sandretto and Barr methods. MPEP 2143.01 provides that when “the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)”. Changes in operating principles required by the cited combination include:

1. Change in the “efficient market” principle explicitly required by Sandretto. As noted previously, Sandretto teaches that value in an efficient market is a function of several things including: asset cash flow, the expected rate of inflation, expected terminal value and the correlation of asset cash flows with other asset cash flows (Sandretto, C3 L21 - 37). In the 3 January 2007 Office Action the Examiner is attempting to modify the teachings of the Sandretto method for use in valuing elements of value that have no known market (efficient or otherwise). As such, the proposed modification would destroy one of the operating principles of the Sandretto invention - reliance on an efficient market. As a result, the teachings of the references are not sufficient to render the claims *prima facie* obvious.
2. Change in the reliance on physical characteristics of Barr. As noted previously, Barr teaches that real estate values are a function of the physical characteristics of the real estate and its immediate neighborhood (Barr, C2 L 30 - 51). In the 3 January 2007 Office Action the Examiner is attempting to modify the teachings of the Barr method for use in valuing elements of value that are notable for their lack of physical characteristics.

The Assignee notes that there are still other operating principles which need to be changed to support the cited combination.

The third way the cited combination of documents fails to establish a *prima facie* case of obviousness required to sustain the rejections of claim 51 and 86 is that it fails to meet any of the criteria for establishing a *prima facie* case of obviousness. MPEP 2142 provides that in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or combine the reference teachings. Second, there must be a reasonable

expectation of success. Finally, the prior art reference (or references when combined) must teach or suggest all the claim limitations. As detailed below, the 3 January 2007 Office Action fails to meet all three of the criteria for establishing a *prima facie* case of obviousness for claims 51 and 86.

1. The 3 January 2007 Office Action fails to meet the first criteria for establishing a *prima facie* cause of obviousness for claims 51 and 86 because the Office Action does not identify any motivation for making the theoretical combination contained in the Office Action. It is well established that "teachings of references can be combined only if there is some suggestion or incentive to do so" quoting ACS Hosp. Sys., Inc. v Montefiore Hosp., 732 F.2d 1572, 1577 221 U.S.PQ 929,933 (Fed. Cir. 1984). This need is particularly acute in cases such as this where the claimed invention is not directly related to the primary field of either document. In the 3 January 2007 Office Action the Examiner states correctly that the nature of the problem can lead an Examiner to propose a combination. However, the Examiner has so far been unable to explain what it was about this problem that led him to propose the unworkable theoretical combination contained in the Office Action. The Assignee is particularly interested in learning what it was about modeling and valuing elements of value that have no known market and a notable lack of physical characteristics that led the Examiner to propose the combination of a document that teaches a method for valuation based on an efficient market with a method that teaches a method for valuation that relies on an inefficient market.
2. The 3 January 2007 Office Action fails to meet the second criteria for establishing a *prima facie* case of obviousness for claims 51 and 86 because it does not cite a combination of teachings that has a reasonable expectation of success. As noted previously, the two documents teach fundamentally different approaches to value and data analysis and the Examiner has refused to respond to a reasonable request to identify a mechanism for reconciling these incompatible approaches to completing the same task.
3. The 3 January 2007 Office Action fails to meet the third criteria for establishing a *prima facie* case of obviousness because it does not teach or suggest one or more of the limitations for every independent claim. Missing limitations include: elements of value and components of value.

Far from establishing a *prima facie* case of obviousness for claims 51 and 86, the cited combination of references in the 3 January 2007 Office Action provides additional evidence that the claimed invention for producing concrete, tangible and useful results is new, novel and non-obvious. It does this by calling for a combination of references when there is a motivation not to combine them, by citing a combination of references that does not appear to have a reasonable chance for success and by relying on a combination of references that fails to teach or suggest almost all of the claim limitations.

Claims 80 – 85 and 87

In the 3 January 2007 Office Action, claims 80 -85 and 87 rejected under §103 as being unpatentable over Sandretto. The Assignee respectfully traverses the §103 rejections of claims 80 -85 and 87 by noting that the cited document fails to establish a *prima facie* case of obviousness in a number of ways. More specifically, the Office Action fails to establish a *prima facie* case of obviousness in as many as three separate ways for every rejected claim. The three ways Sandretto fails to establish a *prima facie* case of obviousness include:

1. teaching away from all claimed methods.
2. requiring a change in the principles governing the operation of the invention disclosed in the Sandretto.
3. failing to identify any suggestion, teaching or motivation in the prior art to modify the teachings of Sandretto along the lines described, in fact, there is a clear motivation not to modify the teachings.

The Assignee also notes that there are still other ways in which all §103 obviousness rejections in the 3 January 2007 Office Action for claims 80 -85 and 87 can be traversed.

As noted previously, the first way that Sandretto fails to establish a *prima facie* case of obviousness for claims 80 -85 and 87 is that Sandretto fails to make the invention as a whole obvious by teaching away from all claimed methods. MPEP § 2141.02 states that: *“in determining the difference between the prior art and the claims, the question under 35 U.S.C. 103 is not whether the differences themselves would have been obvious but whether the claimed invention as a whole would have been obvious.”* Examples of Sandretto teaching away from the claimed methods include:

- Sandretto teaches that data estimates are required for operation of its method, that these data are input directly into the system and that as few as three inputs per asset are required for system operation (Sandretto, C9 L45 – L55). Because the data input to the Sandretto system are primarily estimates they would not be expected to be resident in any of the systems used to run the business operation. In fact, Sandretto states that they may be developed by the system operator and/or obtained from a wide variety of forecasting systems. In doing this Sandretto teaches away from the claimed method of obtaining data from enterprise management systems.

The Assignee notes that there are still other ways in which Sandretto teaches away from the claimed methods.

The second way the 3 January 2007 Office Action fails to establish a *prima facie* case of obviousness for claims 80 -85 and 87 is that the proposed modification would change the principle of operation of the invention disclosed in Sandretto. MPEP 2143.01 provides that when “*the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims prima facie obvious. In re Ratti, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)*”. Some of the changes in operating principle required to make Sandretto function are discussed below.

- Sandretto teaches and relies on the fact that the initial data inputs are estimates. It is well known to those of average skill in that art that enterprise management systems do not record and/or rely on estimates. As a result, the principle of operation of enterprise management systems would have to change in order to support the Sandretto invention.

The Assignee notes that there are still other changes in the principle of operation of the inventions described by the cited document that would be required to replicate the claimed invention.

The third way that the cited document fails to establish a *prima facie* case of obviousness for claims 80 -85 and 87 is that there is no evidence of a suggestion, teaching or motivation to modify the teachings of Sandretto along the lines suggested by the Examiner – in fact there is a clear motivation not to make any of the proposed

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modifications. MPEP 2142 provides that: *“in order to establish a *prima facie* case of obviousness, three basic criteria must be met. First, there must be some suggestion or motivation to modify the reference or to combine reference teachings.*

1. The claimed invention teaches a reliance on data aggregated from the systems used to manage company operations. Sandretto teaches that the data estimates required for operation of its method are input directly into the system and that as few as three inputs per asset are required for system operation (Sandretto, C9 L45 – L55). Because the data input to the Sandretto system are estimates that may be developed by the system operator or obtained from a wide variety of forecasting systems, there is no motivation to modify Sandretto to obtain data from any of the systems used to manage firm operations. In fact, there is a clear motivation not to modify Sandretto to rely on data obtained from these systems as they would not be expected to have any information required for completion of the Sandretto method.

The Assignee notes that there are still other ways in which the proposed modification of Sandretto fails to establish a *prima facie* case of obviousness.

§ 101 rejections

In the 3 January 2007 office action, claims 43 - 46, 48 – 52 and 54 - 86 are rejected under 35 U.S.C. §101 as being unpatentable because the Examiner alleges that the disclosed invention lacks patentable utility. More specifically the Examiner states that the claims do not produce a useful, concrete, tangible result because the claimed method is merely a conceptual framework. The Assignee will respectfully traverse the rejection of claims 43 - 46, 48 – 52 and 54 - 86 based on a lack of utility in three ways. First, by noting that the Examiner has failed to establish a *prima facie* case of non utility. Second, by noting that the assertions regarding the alleged lack of utility are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot.

As mentioned previously, the Examiner has failed to establish a *prima facie* case of non utility for rejected claims 43 - 46, 48 – 52 and 54 - 86. MPEP 2164.07 states “the examiner has the initial burden of challenging an asserted utility. Only after the examiner has provided evidence showing that one of ordinary skill in the art would reasonably doubt the asserted utility does the burden shift to the applicant to provide rebuttal evidence sufficient to convince one of ordinary skill in the art of the invention's asserted utility. *In re Brana*, 51 F.3d 1560, 1566, 34 USPQ2d 1436, 1441 (Fed. Cir. 1995) (citing *In re Bundy*, 642 F.2d 430, 433, 209 USPQ 48, 51 (CCPA 1981)). The Assignee respectfully submits that the Examiner has not provided any evidence to support his assertions. Instead, he has simply made a series of arbitrary and capricious statements.

As noted previously, the second way the Assignee will traverse the § 101 rejections of claims 43 - 46, 48 – 52 and 54 - 86 is by noting that the assertions regarding the alleged lack of utility are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. In *Dickinson v. Zurko*, 119 S. Ct. 1816, 50 USPQ2d 1930 (1999), the Supreme Court held that the appropriate standard of review of PTO findings of fact are the standards set forth in the Administrative Procedure Act (“APA”) at 5 U.S.C. 706 (1994). The APA provides two standards for review – an arbitrary and capricious standard and a substantial evidence standard. The Assignee respectfully submits that the 35 U.S.C. § 101 rejection of claims 43 - 46, 48 – 52 and 54 - 86 for a lack of utility contained in the instant Office Action fails under both standards.

As part of this section of the 3 January 2007 Office Action, the Examiner also makes unsubstantiated allegations that the method and system detailed in the specification are not concrete. The Assignee will respectfully traverse the rejection of claims 43 - 88 based on an alleged lack of a concrete method and/or system in three ways. First, by noting that a few paragraphs earlier the Examiner stated that the invention is merely a conceptual framework. The Assignee is unclear as to why it would be difficult to repeatedly recreate the alleged conceptual framework. Second, by noting that the Examiner has failed to establish a *prima facie* case that the method and system of the present invention are not concrete. Third, by noting that the assertions regarding the alleged lack of concreteness are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot.

While no rebuttal is required, the Assignee will also note that the specification and drawings:

- a) describe an invention that produces results that are tangible, concrete and useful, and
- b) fully address the problems that some say hinder the development of models using some of the specified technology (See Maeda, C2).

§ 112 Second Paragraph Rejections

In the 3 January 2007 Office Action claims 43 - 46, 48 – 52 and 54 - 86 have been rejected under 35 U.S.C. §112 second paragraph. Specifically, the Examiner has made an unsupported allegation that the specification omits steps which would lead an ordinary practitioner of the art to successfully apply the invention to produce a concrete, reproducible quantitative valuation result of a firm. The Assignee notes that in accordance with 2172.01 (which the Examiner quoted) “a claim which omits matter disclosed to be essential to the invention as described in the specification or in other statements of record may be rejected under 35 U.S.C. § 112, first paragraph, as not enabling. *In re Mayhew*, 527 F.2d 1229, 188 USPQ 356 (CCPA 1976).” Accordingly, the Assignee will respond to this arbitrary and capricious allegation in the portion of the response devoted to 35 U.S.C. § 112 First Paragraph Rejection of Claims.

The Assignee will respectfully traverses the §112 second paragraph rejections of each claim in three ways. First, by noting that the Office Action has failed to establish a *prima facie* case that the claims do not meet the requirements of §112 second paragraph. Second, by noting that the claim rejections based on assertions of alleged indefiniteness are not in compliance with the Administrative Procedures Act and are therefore moot. Third, by noting that it is well established that there is no requirement that a term used in a claim appear “*ipsis verbis*” in the specification and that the specification supports the use of each word.

As mentioned previously, the Examiner has failed to establish a *prima facie* case that claims 43 - 46, 48 – 52 and 54 - 86 do not meet the requirements of §112 second paragraph. It is well established that a *prima facie* case that a claim does not meet the requirements of §112 second paragraph requires that the claims be interpreted in light of the specification, that the claims be interpreted as one of ordinary skill in the art would interpret them, and that the Examiner show that limitation(s) in the claim do not reasonably define the invention. As detailed below, the Examiner has failed to establish the *prima facie* case that the specification does not meet the requirements of §112 second paragraph in three ways for every rejected claim. The three ways are: by failing to interpret the claims in light of the specification, by failing to provide any evidence that someone of average skill in the relevant arts would have difficulty interpreting the claims

and/or by failing to establish that the limitation(s) in the claims fail to describe the invention.

As noted previously, the second way the Assignee will respectfully traverse the §112 second paragraph rejections of claims 43 - 46, 48 – 52 and 54 - 86 is by noting that the assertions regarding the alleged indefiniteness of the claims are not in compliance with the requirements of the Administrative Procedures Act and are therefore moot. In *Dickinson v. Zurko*, 119 S. Ct. 1816, 50 USPQ2d 1930 (1999), the Supreme Court held that the appropriate standard of review of PTO findings are the standards set forth in the Administrative Procedure Act ("APA") at 5 U.S.C. 706 (1994). The APA provides two standards for review – an arbitrary and capricious standard and a substantial evidence standard. The Assignee respectfully submits that discussion in the preceding paragraphs clearly shows that the instant Office Action fails to provide even a scintilla of evidence to support the allegation that the specification does not meet the requirements of §112 second paragraph and that as a result it fails to meet the substantial evidence standard. The Assignee respectfully submits that the 3 January 2007 Office Action also fails to pass the arbitrary and capricious test because the Examiner has not provided any evidence of relevant fact finding that can be connected to the rejections contained in the Office Action. In particular, the Assignee notes that the 3 January 2007 Office Action does not contain any declarations from individuals with the requisite skill in the relevant arts to support the assertions regarding the claims. The Assignee notes that the absence of declarations is particularly important given the overwhelming evidence that the personnel at all levels in TC 3600 lack the requisite skill in the art to make meaningful statements in this regard and the Examiner's apparent inability to read patents with sufficient understanding to propose workable combinations and the Examiner's well documented inability to explain the combinations he proposes. The Assignee notes that there are still other ways in which these rejections can be shown to be arbitrary, capricious and discriminatory.

§ 112 First Paragraph Rejections

In the 3 January 2007 Office Action the Examiner has rejected claims 43 - 46, 48 – 52 and 54 - 86 under 35 U.S.C. §112 first paragraph as lacking a written description that would enable those of average skill in the art to make and use the claimed invention. Specifically, the Examiner has made an unsupported allegation that the specification does not explain: how to make and/or use the invention.

The Assignee will respectfully traverses the §112 first paragraph rejection of claims 43 - 46, 48 – 52 and 54 - 86 in two ways. First, by noting that the Office Action has failed to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph. Second, by noting that the assertions regarding the alleged lack of written description are not in compliance with the both standards of the Administrative Procedures Act and are therefore moot.

As mentioned previously, the Examiner has failed to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph. MPEP 2163 states that:

"in rejecting a claim, the Examiner must set forth express findings of fact regarding the above analysis which support the lack of written description conclusion. These findings should:

(A) Identify the claim limitation at issue; and

(B) Establish a *prima facie* case by providing reasons why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed in view of the disclosure of the application as filed. A general allegation of "unpredictability in the art" is not a sufficient reason to support a rejection for lack of adequate written description."

As detailed below, the Examiner has failed to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph in at least three ways.

1. the first way the 3 January 2007 Office Action fails to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has not identified any reasons why a person skilled in the art at the time the application was filed would not have recognized that the inventor was in possession of the invention as claimed. To the contrary, there is substantial evidence that the comments regarding the written description

were provided by an individual and organization that lacks the necessary skill in the relevant arts;

2. the second way the 3 January 2007 Office Action fails to establish the *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has only made a general allegation of unpredictability (See prior 35 U.S.C. § 101 Rejection of Claims discussion); and
3. the third way the 3 January 2007 Office Action fails to establish a *prima facie* case that the specification does not meet the requirements of §112 first paragraph is that the Examiner has not identified the claim limitation(s) at issue.

The Assignee respectfully submits that the assertion that the specification does not meet the requirements of §112 first paragraph also fail under both standards of the APA. First, as detailed above, the Examiner has not provided any evidence to support these allegations. As a result, the §112 first paragraph rejection of claim 43 - 46, 48 – 52 and 54 - 86 fails under the substantial evidence standard. Second, it is well established that “where different arts are involved in the invention, the specification is enabling if it enables persons skilled in each art to carry out the aspect of the invention applicable to their specialty”(In re Naquin, 398 F.2d 863, 866, 158 USPQ 317, 319 (CCPA 1968)). The Assignee respectfully submits that a review of the arguments presented in the 3 January 2007 Office Action and the prior Office Action for the above referenced application make it clear that the §112 first paragraph rejections also fail under the second standard because it would be arbitrary and capricious to rely on the opinion contained in this Office Action. In particular the Assignee notes that the cited combination of documents relies on teachings based on the efficient market theory. Those of average skill in at least one of the relevant arts have long recognized that this theory does not work (See Siegel) and that these methods are particularly inappropriate for use in evaluating elements of value where there is no market of any kind (See Chambers). The Examiner has also proposed using a method that relies on physical characteristics to value elements of value that are notable for their lack of such characteristics.

While no rebuttal is required, the Assignee also notes that a declaration has been provided which also could be used to provide a complete rebuttal of the unsubstantiated allegations contained in the 3 January 2007 Office Action regarding a lack of written description.

Reservation of rights

The Assignee hereby explicitly reserves the right to present the previously modified and/or canceled claims for re-examination in their original format. The cancellation or modification of pending claims to put the instant application in a final form for allowance and issue is not to be construed as a surrender of subject matters covered by the original claims before their cancellation or modification.

Conclusion

The pending claims are of a form and scope for allowance. Prompt notification thereof is respectfully requested.

Respectfully submitted,



B.J. Bennett, President Asset Trust, Inc.

Date: February 26, 2007